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Risk in Agriculture and Management Strategy

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Abstract: Ours is an agrarian country with two third of its one billion population depends on agriculture for their livelihood. Agriculture also contributes approximately 18% of GDP. The Indian business cycle is influenced by the crop pattern that mainly depends on the vagaries of nature; every flood or drought has sits own impact on the Indian economy. Agri-business encompasses whole lot of activates of agriculture sector under one umbrella, like integration of production, processing and marketing. The process starts at the product level and reaches out to the final consumers through vertical integration. Agribusiness favors Indian farmers in every possible way be it policy, climate and several other advantages points that India inherently possess in production.

Key words: Agrarian country ,Agribusiness, farmers and Entrepreneurs, Agriculture Insurance, Vertical Integration etc.

We would like to trace the problems related with agriculture insurance agencies, farmers and entrepreneurs, to identify rist in agribusiness, to know performance of Agriculture insurance schemes in India, role of agriculture insurance schemes in protecting farmers from agricultural variability, what's the major problems in crop insurance and National Agriculture insurance (NAIS), and how to cope up with those problems. In this study, we have tried to find out the rise in accuracy and timeliness of crop estimation methods.

India is an agriculture oriented country where main dominant form of occupation is agriculture. Indian society with two third of its population depend upon agriculture for their livelihood. It contributes 18% of GDP (Gross Domestic Product) approximately. India has got second rank in the world for its agriculture and farm products. But it is not so easy for the farmers of India to earn income from agriculture. Indian agri-business is synonymous with risk and uncertainty because the agriculture in India depends upon the natural factors, i.e. adverse weather conditions, flood, draught, peril ete. Uncertainty of nature leads the farmers to various agriculture related problems.

Low productivity, less income and high loans taken for agriculture are forcing the farmers of India to commit suicide. They are living a stressful life even after giving others an unstressful life by fulfilling their most wanted need in the form of farm products. In agriculture, agribusiness is a generic term for the various businesses involved in food production, including farming and contract farming, seed supply, agrichemicals, farm machinery, wholesale and distribution, processing, marketing, and retail sales. The process starts at the product level and reaches out to the final consumers through vertical integration. Agribusiness favors Indian farmers in every possible way be it policy, climate and several other advantages points that India inherently possess in production.

Therefore to cope up with these agro-problems, a risk management tool "Agriculture Insurance" is launched for the farmers. Economic growth and agricultural growth are directly related to each other. This tool helps in stabilization of farm production and income of the farmers. It helps in optimal allocation and utilization of resources in the production process.

Agriculture or crop insurance has assumed importance with large scale damage caused due to pest attacks, crop diseases and vagaries of weather. The objective is to provide insurance coverage and financial support to the farmers in the event of failure of any of the notified crop as a result of natural calamities, pests & diseases. The list of crops being covered for insurance differs from state to state. Generally quite a few Kharif and Rabi season crops are covered. These crops are insured at the community/block/gram panchayat levels. Agriculture insurance schemes are of immense help to farmers, providing them with financial security.

Agriculture Insurance for farmers helps greatly in reducing risk horizentally across the states (a drought in Rajasthan is mitigated by a bumper crop in Andhra Pradesh) and vertically across big and small farmers. In fact, states which have accepted the scheme require that any farmer borrowing from any financial insists take insurance too. Unfortunately, data from the scheme so far shows that only 4% of the Rabi (winter) crop and 11% of the more risk-prone Kharif (monsoon) crop holdings are insured. On the positive side, the percentage of the holdings covered im more than the percentage of area covered indicating better penetration among the small land-holders, the most vulnerable farmers. Most of the crops covered were food crops (summer paddy, wheat) indicating that food security is the primary concern for India,s small farmers.

Concept and need of Risk Management:

Risk Management is "A systematic way of protecting the concern's resources and income against losses so that the aims of the business can be achieved without interruption". Risk Management is increasingly recognized as being concerned with both positive and negative aspects of risk. Risk management is acentral part of any organization's strategic Management. It is the process whereby organizations methodically address the risks attaching to their activities with the goal of achieving sustained benefit within each activity and across the portfolio of all activities. In the safety field, it is generally recognized that son sequences are only negative and therefore the management of safety risk is focused on prevention and mitigation of harm. In the insurance parlance, the Risk Management is a tool identifying business opportunities Humans have always sought to achieve security and reduce uncertainty. Risk lies at all levels of human and business activity. Big irony-technology has reduced loss frequencies but loss severities have increased leading to greater risk. Risk is universal. Individuals, business and government must all cope with it by design or default. Risk is often confused with uncertainty. While risk involves an element of uncertainty, a situation is uncertain if decision maker does not have enough information to assign probabilities to possible outcomes. Risk and uncertainty are related in that uncertainty leads to risk. When an event has outcomes lacking in predictability it is uncertain.

Risk Management is attempting to identify and then manage treats that could severely impact or bring down the organization. Generally, this involves reviewing operations of the organization, identifying potential threats to the orgainzation and the likelihood of their occurrence, and then taking appropriate actions to address the most likely threats. Traditionally, risk management was thought of as mostly a matter of getting the right insurance. Insurance coverage usually came in rather standard packages, so people tended to not take risk management seriously. However, this impression of risk management has changed dramatically. With the recent increase in rules and regulations, employee-related lawsuits and reliance on key resources, risk management is becoming a management practice that is every bit as important as financial of facilities management.

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